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Rural
Development

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Revolving Fund Program

FY 2021 Grant Application Guide



USDA



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**** This application guide has been updated with new guidelines and procedures, marked in red. Please read each section thoroughly.**

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Section 1: The Revolving Fund Program

1.1 Introduction

Drinking water systems are vital to both health and economic development. With dependable water facilities, rural communities can attract families and businesses that will invest in the community and improve the quality of life for all residents. Without dependable water facilities, the communities cannot sustain economic development.

The Rural Utilities Service (RUS) supports the sound development of rural communities and the growth of our economy without endangering the environment. RUS provides financial and technical assistance to help communities bring safe drinking water and sanitary, environmentally sound waste disposal facilities to rural Americans in greatest need.

The Revolving Funds for Financing Water and Wastewater Projects Program (RFP) has been established to assist communities with water or wastewater systems. Qualified private non-profit organizations will receive RFP grant funds to establish a lending program for eligible entities. Eligible entities for the revolving loan fund will be the same entities eligible to obtain a loan, loan guarantee, or grant from the RUS Water and Waste Disposal and Wastewater Facility loan and grant programs. As grant recipients, the non-profit organizations will set up a revolving loan fund to provide loans to finance predevelopment costs of water or wastewater projects, or short-term small capital projects not part of the regular operation and maintenance of current water and wastewater systems. The amount of financing to an eligible entity shall not exceed **\$200,000** and shall be repaid in a term not to exceed 10 years. The rate shall be determined in the approved grant work plan.

This guide provides information to help:

- Assess eligibility for RUS grant assistance;
- Understand how and when to apply;
- Create a successful application.

1.2 Authorization

The 2002 Farm Bill (the Farm Security and Rural Investment Act of 2002) established the RFP. Section 6403 of The Agriculture Improvement Act of 2018 (2018 Farm Bill) amended the amount allowed for total project costs. The authorizing statute may be found in the United States Code (7 U.S.C. 1926(a)). The Code of Federal Regulations sets forth the RFP regulation at 7 CFR Part 1783. Please read the regulation in conjunction with these guidelines.

Should any differences result in the interpretation of these guidelines and 7 CFR Part 1783; the regulation will take precedence over information contained in this guide.

1.3 Available funding for FY 2021

The FY2021 Omnibus Appropriations Bill established \$1,000,000 in available funds for FY2021.

1.4 RFP Program Contacts

The RUS, Water and Environmental Programs (WEP) staff will administer the RFP. Applicants are encouraged to contact the WEP staff early in the application process with any questions or ideas concerning proposals. The staff will provide advice on draft proposals before the application deadline or answer questions about the application process and program requirements.

Telephone: 660-492-4268

Email: lois.east@usda.gov

1.5 RFP Resources on the Web

Visit the Website at: <https://www.rd.usda.gov/programs-services/revolving-funds-for-financing-water-and-wastewater-projects>

Section 2: General Considerations for an RFP Grant

2.1 Eligible Organizations

An organization is eligible to receive an RFP grant if it:

- a. Is a qualified private, non-profit organization that has tax-exempt status from the United States Internal Revenue Service (IRS);
- b. Is legally established and located within one of the following:
 - a state within the United States
 - the District of Columbia
 - the Commonwealth of Puerto Rico
 - a United States territory
- c. Has the legal capacity and authority to carry out the grant purpose;
- d. Has a proven record of successfully operating a revolving loan fund to rural areas;
- e. Has capitalization acceptable to the Agency, and is composed of at least 51 percent of the outstanding interest or membership being citizens of the United States or individuals who reside in the United States after being legally admitted for permanent residence;
- f. Has no delinquent debt to the Federal Government or no outstanding judgments to repay a Federal debt;

- g. Demonstrates that it possesses the financial, technical, and managerial capability to comply with Federal and State laws and requirements.
- h. Is not a corporation that has been convicted of a felony (or had an officer or agent acting on behalf of the corporation convicted of a felony) within the past 24 months. Any Corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability is not eligible

2.2 Eligible Grant Purposes

The following activities are authorized under the RFP statute:

- a. Grant funds must be used to capitalize a revolving fund program for the purpose of providing direct loan financing to ultimate recipients for pre-development costs associated with proposed or with existing water and wastewater systems; or
- b. Short-term costs incurred for equipment replacement, small-scale extension of services, or other small capital projects that are not part of the regular operations and maintenance activities of existing water and wastewater systems.

2.3 Ineligible Grant Purposes

Grant funds may not be used to pay any of the following:

- a. Payment of the Intermediary's administrative costs or expenses.
- b. Delinquent debt owed to the Federal Government.

2.4 Security Requirements

A grant agreement will be executed between the Intermediary and the Agency.

Section 3: Application Submission Process

3.1 Electronic Filing of Applications

Applications must be filed electronically. File an application electronically through Grants.gov, the official Federal Government website at <https://www.grants.gov>. Applicants must be registered with Grants.gov before electronic grant applications can be submitted. *RUS will not accept applications by courier, fax or email.*

3.2 Action Required Prior to Application Submission

The applicant for a grant must supply for a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of the application. The applicant can obtain the DUNS number free of charge by calling Dun and Bradstreet at 1-866-705-5711. Please see <http://fedgov.dnb.com/webform> for

more information on how to obtain a DUNS number or how to verify an organization's number.

The following pieces of information are necessary when requesting a DUNS number:

- Legal Name
- Headquarters name and address of the organization
- Doing business as (dba) or other name by which the organization is commonly recognized.
- Physical address
- Mailing address (if separate from headquarters and/or physical address)
- Telephone number
- Contact name and title
- Number of employees at the physical location

Prior to submitting an application, the applicant must register in the System for Award Management (SAM) (formerly Central Contractor Registry, (CCR)). Applicants may register for the SAM at <https://www.sam.gov/SAM/>. The SAM registration must remain active with current information at all times while RUS is considering an application and while a Federal Grant Award or loan is active. To maintain the registration in the SAM database, the applicant must review and update the information in the SAM database annually from date of initial registration or from the date of the last update. The applicant must ensure that the information in the database is current, accurate, and complete. Applicants must ensure they complete the Financial Assistance General Certifications and Representations in SAM.

3.3 Deadlines for Grant Applications

The deadline for the RFP is **July 16, 2021**. All applications must be time- stamped electronically by 11:59 PM EST on the date of the filing deadline to be considered for the grant period. **Late or incomplete applications will not be eligible for FY 2021 grant funding.** If a receipt date falls on a weekend or a Federal holiday, it will be extended to the next business day.

Section 4: Requirements for a Completed Grant Application

4.1 Preparing the Application

The applicant must be an eligible entity and must submit a complete application by the deadline date. Applicants should consult the cost principles and general administrative requirements for grants pertaining to their organizational type in order to prepare the budget and complete other parts of the application. Applicants also must demonstrate compliance (or intent to comply), through certification or other means, with a number of public policy requirements.

4.2 Required Forms

Applicants must complete and submit the following forms to apply for an RFP grant:

- Standard Form 424, "Application for Federal Assistance"

- Standard Form 424A, “Budget Information—Non-Construction Programs”
- Standard Form LLL, “Disclosure of Lobbying Activity”
- Form RD 400-1, “Equal Opportunity Agreement”

4.3 Project Proposal

The project proposal should outline the project in sufficient detail to provide a reader with a complete understanding of how the loan program will work. The project proposal must explain what will be accomplished by lending funds to eligible entities and demonstrate the feasibility of the proposed loan program in meeting the objectives of this grant program. The proposal should cover the following elements:

4.3.1 Project Summary

Present a brief project overview. Explain the purpose of the project, how it relates to RUS’s purposes, how the applicant will carry out the project, what the project will produce, and who will direct it.

4.3.2 Needs Assessment

Describe why the project is necessary. Demonstrate that eligible entities need loan funds. Quantify the number of prospective borrowers or provide statistical or narrative evidence that a sufficient number of borrowers will exist to justify the grant award. Describe the service area. Address community needs.

4.3.3 Project Goals and Objectives

Clearly state project goals. Objectives should clearly describe the goals and be concrete and specific enough to be quantitative or observable. They should also be feasible and relate to the purpose of the loan program.

4.3.4 Project Narrative

The narrative should cover in more detail the items briefly described in the Project Summary. It should establish the basis for any claims that the applicant has substantial expertise in promoting the safe and productive use of revolving funds. In describing what the project will achieve, tell the reader if it also will have broader influence. The narrative should address the following points:

- Document ability to administer and service a revolving fund in accordance with the provisions of 7 CFR Part 1783.
- Document that, to establish the revolving fund, the applicant can commit financial resources the organization controls. This documentation should describe the sources of funds other than the RFP grant that will be used to pay operational costs and provide financial assistance for projects.
- Demonstrate that the applicant has secured commitments of significant financial support from other funding sources, if appropriate.
- List the fees and charges that borrowers will be assessed.

4.4 Work Plan

The work plan must describe the tasks and activities that will be accomplished with available resources during the grant period. It must show the work the applicant plans to do to achieve the anticipated outcomes, goals, and objectives set out for the RFP. The plan must:

- Describe the work to be performed by each person.
- Give a schedule or timetable of work to be done.
- Show evidence of previous experience with the techniques to be used or their successful use by others.
- Outline the loan program to include the following: specific loan purposes, a loan application process; priorities, borrower eligibility criteria, limitations, fees, interest rates, terms, and collateral requirements.
- Provide a marketing plan.
- Explain the mechanics of how the applicant will transfer loan funds to the borrowers.
- Describe follow-up or continuing activities that should occur after project completion such as monitoring and reporting borrowers' accomplishments.
- Describe how the results will be evaluated, in line with the project objectives.
- List all personnel responsible for administering this program along with a statement of their qualifications and experience.

4.5 Budget and Budget Justification

The written justification for projected costs should explain how budget figures were determined for each category. It should indicate which costs are to be covered by grant funds and which costs will be met by the organization or other organizations. The justification should account for all expenditures discussed in the narrative. It should reflect appropriate cost-sharing contributions. The budget justification should explain the budget and accounting system proposed or in place. The administrative costs for operating the budget should be expressed as a percentage of the overall budget. The budget justification should provide specific budget figures, rounding off figures to the nearest dollar. Applicants should consult 2 CFR part 200, Subpart E, "Cost Principles" for information about appropriate costs for each budget category.

4.6 Required Information Not Found on Standard Application Forms

In addition to completing the standard application forms, the applicant must submit the following supplementary materials.

4.6.1 Evidence of Legal Existence

Demonstrate that the organization is legally recognized under state and Federal law. Satisfactory documentation includes, but is not limited to, Certificate of Good Standing from the Secretary of State, Articles of Incorporation and ByLaws including Amendments, or copies of state statutes or laws establishing the organization. Letters from the IRS awarding tax-exempt status are not considered adequate evidence.

4.6.2 List of Directors and Officers

Submit a certified list of directors and officers with their respective terms.

4.6.3 IRS Tax exempt Status

Submit evidence of tax-exempt status from the Internal Revenue Service.

4.6.4 Debarment and Suspension Rules.

The applicant must disclose debarment and suspension information required in accordance with 2 CFR Part 417, if it applies.

<https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part417/context>.

4.6.5 Drug-free Workplace Requirements

Workplace identification is required under the drug-free workplace requirements in accordance with 2 CFR part 182 Governmentwide Requirements for Drug-Free Workplace (Financial Assistance) and 2 CFR part 421 Requirements for Drug Free Workplace (Financial Assistance).

All the organization's known workplaces must be identified by including the actual street address of buildings (or parts of buildings) or other sites where work under the award takes place.

4.6.6 Audit

Submit the most recent audit of the organization conducted by an independent auditor.

4.6.7 Financial statements

Submit the following financial statements:

- Balance sheets, income statements, and cash flow statements for the last three years. If the organization has been formed less than three years, the financial statements should be submitted for the periods from inception to the present.
- A pro forma balance sheet at start-up and for at least three additional years, for the revolving fund only AND a separate set of financial projections that shows the organization's total operations;

- Projected income and cash flow statements for at least three years supported by a list of assumptions showing the basis for the projections, for the revolving fund only AND a separate set of financial projections that shows the organization's total operations.

4.7 Optional Information Not Found on Standard Application Forms

Additional information may be submitted to support and describe the plan for achieving the grant objectives. The information may be regarded as essential for understanding and evaluating the projects and may include letters of support, resolutions, policies, etc. The supplements may be presented in appendices to the proposal.

Section 5: Application Review Process

5.1 Receipt Acknowledgment

Applications will be reviewed for completeness to determine if all required items were included. If an application is determined to be incomplete, the applicant will be notified in writing and the application will be returned with no further action. If the application is ineligible, RUS will return it with an explanation.

5.2 Evaluating the Application

A review team, composed of at least two RUS staff members, will evaluate all applications and proposals. They will make overall recommendations based on factors such as eligibility, application completeness, and conformity to application requirements. They will score the applications based on criteria in the next section.

5.3 Scoring Criteria

All applications that are complete and eligible will be ranked competitively based on the following scoring criteria:

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<u>Scoring Criteria</u>	<u>Points</u>
1. Degree of expertise and successful experience in making and servicing commercial loans, with a successful record.	Up to 30 points
2. Extent to which the work plan demonstrates a well thought out comprehensive approach to accomplishing objectives; clearly defines who will be served by the project or program; clearly articulates the problem/issues to be addressed, identifies the service area to be covered by the RFP loans, and appears likely to be sustainable.	Up to 40 points
3. Percentage of applicant contributions. Points allowed under this paragraph will be based on written evidence of the availability of funds from sources other than the proceeds of a RFP grant to pay part of the cost of a loan recipient's project. In-kind contributions will not be considered. Funds from other sources as a percentage of the RFP grant and points corresponding to such percentages are as follows:	
(a) Less than 20 percent	Ineligible
(b) At least 20 percent but not more than 49 percent of the total project costs	10 points
(c) At least 50 percent of the total project costs	20 points
4. Extent to which the goals and objectives are clearly defined, tied to the work plan, and are measurable.	Up to 15 points
5. Lowest ratio of projected administrative expenses to loans advanced.	Up to 10 points
6. Evaluation methods for considering loan applications and making RFP loans are specific to the program, clearly defined, measurable, and are consistent with program outcomes.	Up to 20 points
7. Administrator's discretion taking into consideration such factors as:	Up to 10 points
(a) Creative outreach ideas for marketing RFP, with an emphasis on promoting racial equity of service in rural communities and ensuring access to communities suffering from systemic racism and other forms of discrimination;	
(b) Amount of funds requested in relation to the amount of needs demonstrated in the proposal;	
(c) If applicable, excellent utilization of a previous revolving loan fund; and	
(d) Optimizing the use of agency resources, including the targeting of monies to historically underserved areas.	

5.4 Application Selection

Applications will be ranked and grants awarded based upon the scoring results and funding availability. Each applicant will be notified in writing of the score its application receives.

5.5 Possible RUS Actions on the Application

In making its decision about applications, RUS may determine that an application is:

- Eligible and selected for funding,
- Eligible but offered fewer funds than requested,
- Eligible but not selected for funding, or
- Ineligible for the grant

5.6 Appeals Process

In accordance with 7 CFR part 1900, subpart B, applicants generally have the right to appeal adverse decisions. Some adverse decisions cannot be appealed. For example, if an applicant is denied RUS funding due to a lack of funds available for the grant program, this decision cannot be appealed.

However, applicants may make a request to the National Appeals Division (NAD) to review the accuracy of RUS's finding that the decision cannot be appealed. The appeal must be in writing and filed at the appropriate Regional Office, which can be found at: <https://www.nad.usda.gov/> or by calling (877) 487-3262.

Appendix—Rules and Regulations

These rules and regulations have been mentioned throughout the text of the guidelines but are listed in one place for easy reference. The Code of Federal Regulations is located at <https://www.ecfr.gov> the OMB circulars are located <https://www.whitehouse.gov/omb/circulars/>.

- 7 Code of Federal Regulations (CFR) part 1783: “Revolving Fund Grant Program”
- 2 CFR part 417, “Governmentwide Debarment and Suspension (Nonprocurement)”
- Subpart B of 2 CFR part 421, which adopts the “Governmentwide Requirements of the Drug-free Workplace Act (Financial Assistance)”
- 7 CFR part 1900, subpart B, “Adverse Decisions and Administrative Appeals”
- 2 CFR Part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”
- 2 CFR Part 400, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Department of Agriculture”